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SIPDIS

DEPARTMENT FOR INR/R/MR, EAP/RSP/TC, EAP/PA, EAP/PD -
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DEPARTMENT PASS AIT/WASHINGTON

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TAGS: OPRC KMDR KPAO TW

SUBJECT: MEDIA REACTION: SIX PARTY TALKS, U.S. ARMS
PROCUREMENT

¶1. Summary: The water shortage in Taoyuan, which has now turned into a political issue, was the front-page headline story in most major Chinese-language Taipei dailies August 11. The pro-independence "Liberty Times," Taiwan's biggest daily, on the other hand, ran a banner headline on its page four that read: "[The Executive Yuan] will push for the passage of the [U.S.] arms procurement bill by including it in the [government's] special budget." The sub-headline added: "Premier Hsieh and President Chen have communicated [over the bill, saying that] as long as an interim legislative session is held, the bill will still be reviewed in the form of a special budget. [The proposal to] list [the funding of] the bill in the regular annual budget will be used as an alternative option."

¶2. In terms of editorials and commentaries, an editorial and an op-ed piece in the limited-circulation, pro-independence, English-language "Taipei Times" both discussed the U.S. arms procurement bill, whereas a commentary in the pro-independence "Taiwan Daily" continued to discuss the Six Party Talks. Taiwan Think Tank International Affairs Director Lai I-chung, in the "Taiwan Daily" commentary, urged Taiwan to seize the opportunity to increase its bargaining chips in the region by engaging with Pyongyang. The "Taipei Times" editorial suggested that President Chen do what some pan-Blue legislators have been calling on the administration to do with regard to the U.S. arms procurement bill, namely, to include the arms procurement in the government's annual defense budget. Taiwan Solidarity Union Chairman Su Chin-chiang, however, said in the "Taipei Times" that the best way to avoid an attack from China is for all the Taiwan people to demonstrate their resolve to protect the island. End summary.

¶1. Six Party Talks

"Six Party Talks Will Push for a Strategic Reshuffle in Northeast Asia - Will Taiwan Become Another South Korea?"

Lai I-chung, International Affairs Director of the Taiwan Think Tank, observed in the "International Spotlight" column of the pro-independence "Taiwan Daily" [circulation: 150,000] (8/11):

". If we observe the interactions between the United States, Japan, China and North and South Koreas in the 'Six Party Talks' and their possible development in the future, [we may see that] Taiwan needs not worry too much that Washington will sacrifice the island's interests since it needs China's assistance in resolving the nuclear situation on the Korean Peninsula. In the meantime, [we may also note that] the strategic competition between the 'U.S.-Japan alliance' and China will only intensify, and China as well as the two Korea's clashes with the United States and Japan in the diplomatic aspect in the Asia-Pacific region may likely expand. But Taiwan must not feel happy secretly about the intensifying competition between Washington, Tokyo and Beijing and thought that the island will not become expendable. If it does so, it will mean that Taiwan is merely waiting passively to see how the situation will develop and will thus fail to seize this opportunity to create proactively a strategic turning point that is favorable for itself.

"What Taiwan needs to help is not to maintain a situation where Washington and Tokyo will work together to fight against China. Instead, Taiwan needs to help and create a strategic balance in the region in which sea nations such as the United States and Japan can get the upper hand. With regard to Pyongyang's possession of the nuclear weapons, since it is an easy matter to resolve, [Taiwan] at least should prevent China from using the nuclear issue to increase its influence. Taiwan also hopes that Seoul could restore a relatively balanced relationship with Washington, Japan and

Beijing and modify the current situation of 'pro-China, anti-Japan, and keeping a distance with the United States.' This objective may be reached through flexible and mature engagement between Taiwan and North Korea.

"If Taiwan can convince Washington and Tokyo, its interaction with North Korea can then actually make China realize that it cannot single-handedly control North Korea. For Seoul, North Korea's engagement with Taiwan will also cause it to adjust its previous pro-China practice and increase its interaction with Taiwan so as to gain more control over the future development of North Korea's nuclear program. As a result, Seoul will have more bargaining chips than China over the nuclear situation on the Korean Peninsula.

"For Pyongyang, its interaction with Taiwan will in fact increase its bargaining capabilities with China, so naturally it will be happy to do so. For Tokyo and Washington, Taiwan's interaction with, and possible financial aid to, North Korea can not only help the two countries retain their [original] position when negotiating with [Pyongyang] but may also alter Beijing's and Seoul's ways in handling the nuclear issue on the Korean peninsula and their attitude toward Washington and Tokyo. ."

12. U.S. Arms Procurement

A) "Call the Pan-Blue's Bluff"

The pro-independence, English-language "Taipei Times" [circulation: 30,000] editorialized (8/11):

"It's time for President Chen Shui-bian to accept reality. The special arms procurement budget will never pass - at least, not in anything like its current form. It's time to give up on the special budget tactic, which has left the pan-greens looking ineffectual and incompetent. .

"The key is to do exactly what some pan-blue legislators have been calling on the administration to do for several months: Include the procurement of the items in the annual defense budget. .

"So Chen should agree to this demand. The math is quite simple. The proposed special arms budget, as it stands now, would require the government to spend NT\$480 billion (US\$15 billion) over 15 years to purchase three major weapons systems from the US. This translates to a little over US\$1 billion a year to purchase eight diesel-electric submarines, three PAC-3 Patriot anti-missile batteries and 12 P-3C Orion maritime patrol aircraft.

"Taiwan has budgeted about US\$8 billion to spend on defense for Fiscal 2005. If the annual defense budget were increased to 3 percent of GDP - about US\$9.3 billion - this would mean that the Ministry of National Defense would have an added US\$1.3 billion to spend on shiny new toys. Over 15 years, the added amount would total a whopping US\$19.5 billion - US\$4.5 billion in excess of the amount requested for the special arms procurement budget. ."

B) "Taiwan Has to Bolster Its Defense and Resolve"

Taiwan Solidarity Union Chairman Shu Chin-chiang noted in an op-ed piece in the pro-independence "Taipei Times" [circulation: 30,000] (8/11):

". In the face of the ever-increasing military threat from China, the pro-Beijing parties are holding up the passage of the budget which will enable Taiwan to buy US weapons. This is little short of encouraging China to invade Taiwan, and then to expand into the Asia-Pacific region. The repercussions of all this are very worrying indeed.

"Given the threat that exists from China, Taiwan should form an Asia-Pacific security community with the US and Japan to deal with Beijing's military rise. Without strength there is no peace, but Taiwan should neither engage in a senseless mutual escalation with China, nor tie the question of security within the Taiwan Strait to whether or not China will invade Taiwan.

"The best way to avoid and prevent an attack from China is for the entire population of Taiwan to demonstrate the resolve and willingness to protect their homeland. This is what is meant by the terms 'civilian-based defense' and 'psychological defense.'"